

NEW APPLICATION



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COMMISSIONERS

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Chairman

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SUSAN BITTER SMITH

Commissioner

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ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

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mr

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF BEARDSLEY WATER COMPANY,
INC. FOR COMMISSION DIRECTION
REGARDING DISBURSEMENT OF
CERTAIN REFUNDABLE PAYMENTS.

DOCKET NO. W-02074A-13-0110

**APPLICATION FOR
DETERMINATION REGARDING
DISBURSEMENT OF CERTAIN
REFUNDABLE PAYMENTS**

Applicant Beardsley Water Company, Inc. ("Beardsley" or the "Company") hereby requests that the Arizona Corporation Commission ("Commission") determine the proper payee for certain mainline extension monies currently held by Beardsley.

I. UNDERLYING FACTS.

On or about May 9, 2012, Mr. Gordon Pekrul filed a complaint, No. 2012 103651, against Beardsley. In that complaint, Mr. Pekrul alleged that Beardsley had not properly refunded certain mainline extension refunds to Patton Place, L.L.C. and Peak View Ranch, L.L.C., entities in which Mr. Pekrul had some interest. Because Mr. Pekrul previously informed Beardsley that Patton Place, L.L.C.'s and Peak View Ranch, L.L.C.'s interests in the mainline extension agreements had been transferred to a third-party, and because Beardsley had also been informed that one or more of Mr. Pekrul's entities had been

1 forced into bankruptcy, Beardsley has not provided those funds to Mr. Pekrul (or his
2 companies), but has instead held them and requested additional information that would
3 allow it to determine which entity should receive the refunds in question. Because Mr.
4 Pekrul has never provided that information, Beardsley now asks the Commission to
5 determine to whom the outstanding refund amounts (less any applicable offsets) as well as
6 future mainline extension refunds should be properly paid.

7 Mr. Pekrul was a principal, investor or manager of several entities, including R.J.
8 Springer Construction, L.L.C., Patton Place, L.L.C. and Peak View Ranch, L.L.C. Patton
9 Place Estates and Peak View Ranch are subdivisions located within the geographic
10 boundaries of Beardsley's existing Certificate of Convenience & Necessity that were
11 developed by R.J. Springer Construction. Beginning in late 2002 and continuing through
12 2005, Mr. Pekrul's companies requested that Beardsley provide water service to new
13 homes that were to be constructed in the subdivisions. Beardsley entered into multiple
14 mainline extension agreements with the respective corporate entities developing each
15 phase of the Patton Place Estates and Peak View Ranch subdivisions. A copy of the
16 relevant mainline extension agreements, which were approved by the Commission, are
17 attached as Exhibits A (Patton Place Estates Units 1-5) and B (Peak View Ranch Unit 1).

18 In or about 2003, Beardsley began providing water service to Patton Place Estates
19 Units 1 and 2. Later, Beardsley began providing water service to the remaining units.
20 Pursuant to the attached mainline extension agreements, the developers were to construct
21 the water systems for the subdivisions and then provide certain documentation to
22 Beardsley, including as-built drawings and invoices supporting actual construction costs.
23 The developers failed to provide much of this material. In addition, the developers failed
24 to obtain necessary approvals from the Maricopa County Department of Environmental
25 Quality, resulting in Beardsley being forced to resolve numerous issues with the County
26 prior to and shortly after assuming operation of the systems. For example, Beardsley was
27 forced to disinfect portions of the Patton Place Estates Unit 5 system and obtain the
28 necessary permits from the County at a cost of \$7,172.00.

1 The developer of that unit also failed to pay several contractors that had provided
2 labor or material for work on the infrastructure. As a condition of accepting Patton Place
3 Estates Unit 5, Beardsley required the developer to correct the most glaring of these issues.
4 A copy of the letter with R.J. Springer Construction memorializing that agreement is
5 attached as Exhibit C. Unfortunately, R.J. Springer Construction failed to meet its
6 obligations and has not paid its contractors and Beardsley \$39,166.99 for work required
7 under that agreement. In addition, the developers asked Beardsley to install several meters
8 to supply water to model homes in the subdivisions. Under the agreements in place, the
9 developers were required to pay Beardsley for the cost of meter installation and for water
10 supplied to those model homes. The developers still have not paid those costs of
11 \$2,194.14.

12 In accordance with the various mainline extension agreements, Beardsley began to
13 refund 10% of its sales to the developers of the various phases. After that refund process
14 began, however, Beardsley was informed by customers that the developers had
15 experienced severe financial difficulties and had assigned their interests in the
16 developments (and agreements) to an unknown third-party. In December 2008, Mr. Pekrul
17 wrote Beardsley to inquire as to the status of the annual refund payment. Beardsley
18 questioned whether the refunds should be sent to Mr. Pekrul or his companies. A copy of
19 counsel's letter to Mr. Pekrul is attached as Exhibit D. Mr. Pekrul confirmed that the
20 mainline extension agreements in question had been sold and assigned by the developers to
21 a third-party, 223 Wittman, LLC. A copy of Mr. Pekrul's letter concerning this
22 assignment is attached as Exhibit E. From its corporate filings, Mr. Pekrul appears to have
23 no interest in 223 Wittman, LLC.

24 Following receipt of Mr. Pekrul's December 29, 2008 letter, Beardsley requested
25 additional information concerning the purported assignment. That information was never
26 provided. While Mr. Pekrul offered to accept the payments on behalf of 223 Wittman,
27 LLC, Beardsley could not make payment to Mr. Pekrul without assurances that 223
28 Wittman, LLC was the proper entity to receive the payments, and that Mr. Pekrul would

1 actually provide the payments to 223 Wittman, LLC. Because Mr. Pekrul had confirmed
2 that his companies had no remaining interest in the mainline extension agreements in
3 question, Beardsley could not make payments to Mr. Pekrul. Beardsley subsequently
4 learned that Mr. Pekrul's companies had been administratively dissolved or forced into an
5 involuntary bankruptcy. Beardsley never received notice of that bankruptcy, and was
6 unable to locate the case on the bankruptcy docket. Rather than pay the wrong entity and
7 risk claims by a bankruptcy trustee or another entity, Beardsley has tracked and maintained
8 the amounts due under the mainline extension agreements in question and is prepared to
9 distribute those amounts (less any offset for the amounts that should have been paid by
10 Mr. Pekrul's companies) to the entity the Commission deems proper, upon receipt of
11 adequate assurances that it will not face a competing claim or action by the bankruptcy
12 trustee.

13 **II. CONCLUSION.**

14 Accordingly, Beardsley requests that the Commission:

15 (1) require Beardsley to provide notice to all parties that may have interest in the
16 mainline extension refunds in question; and

17 (2) conduct a hearing to determine which entity (or individual) should receive the
18 funds in question; and

19 (3) order Beardsley to pay those funds, less any offsets demonstrated at the hearing,
20 to the entity or individual deemed appropriate by the Commission.

21 RESPECTFULLY SUBMITTED this 19th day of April, 2013.

22 BRYAN CAVE LLP

23
24 By 

25 Steven A. Hirsch

26 Stanley B. Lutz

27 Two N. Central Avenue, Suite 2200

28 Phoenix, AZ 85004-4406

Attorneys for Beardsley Water Company, Inc.

1
2 ORIGINAL and 13 copies of the foregoing
3 filed this 19 day of April, 2013, with:

4 Docket Control Division
5 Arizona Corporation Commission
6 1200 W. Washington Street
7 Phoenix, AZ 85007

8 COPIES of the foregoing hand-delivered
9 this 19 day of April, 2013, to:

10 Lyn A. Farmer, Esq.
11 Chief Administrative Law Judge
12 Hearing Division
13 Arizona Corporation Commission
14 1200 W. Washington Street
15 Phoenix, AZ 85007

16 Janice Alward, Chief Counsel
17 Legal Division
18 Arizona Corporation Commission
19 1200 W. Washington Street
20 Phoenix, AZ 85007

21 Steven M. Olea
22 Director, Utilities Division
23 Arizona Corporation Commission
24 1200 W. Washington Street
25 Phoenix, AZ 85007

26 Copy sent by regular mail this
27 19 day of April, 2013 to:

28 Gordon Pekarul
23623 N. Scottsdale Rd.
D3-285
Scottsdale, AZ 85255

Yusa Remus

EXHIBIT A

Patton Place

Units 1-2

MAIN EXTENSION AGREEMENT

WATER FACILITIES

=====

This Agreement is entered into at Phoenix, Arizona on this 14th day of February, 2002, by and between Patton Place Estates, hereinafter referred to as Applicant and Beardsley Water Company, an Arizona Corporation, hereinafter referred to as Utility.

- 1) Applicant is the owner of Patton Place Estates as set forth in Exhibit A, a copy of which is attached hereto and made a part hereof and hereinafter referred to as Property.
- 2) Applicant intends to develop said Property as set forth in Exhibit A and will require domestic water service.
- 3) Applicant and Utility agree that said property lies within the Certificate of Convenience and Necessity of Utility and therefore Utility is obligated to provide said domestic water service in accordance with the rules and regulations of the Arizona Corporation Commission (ACC)

AGREEMENT

NOW THEREFORE, in consideration of the terms and conditions set forth below, the parties hereto agree:

- 1) Applicant shall cause the proposed domestic water system to be designed, constructed and installed as necessary to provide an adequate supply of domestic water to Applicant's Property as described in Exhibit A. Said water system shall include all necessary water facilities including but not limited to mains, fittings, fire hydrants, service lines, meter assemblies, meters, storage, wells, pumping facilities and required water testing.
- 2) Applicant shall be responsible for all costs associated with the construction of the domestic water system including engineering, inspection, permits, easements, labor, materials, equipment, transportation, insurance and bonds if applicable.
- 3) Applicants cost, as set forth in Exhibit B, a copy of which is attached hereto and made a part hereof, shall be subject to refund in accordance with the rules and regulations of the ACC and further described in Section 16 of this Agreement.

4) Applicant shall cause the domestic water system to be designed and constructed with sufficient capacity to serve the water needs of the Property, including fire protection.

5) Applicant may be required by Utility to provide "oversizing" in Applicants design and construction to benefit the needs of Utility. If oversizing is required by Utility, the Utility shall be obligated to pay those costs applicable to the oversized facilities. Said payment shall be based on material costs only and shall not include any costs for labor, equipment, transportation engineering, permits, disinfection, testing or any other costs not applicable in the sole discretion of Utility. Oversizing costs are set forth in Exhibit C, a copy of which is attached hereto and made a part hereof.

6) Applicant shall obtain all applicable permits, including zoning and other necessary permits which may be required prior to construction of the Domestic water system. All domestic water system facilities shall be constructed in accordance with the plans and specifications as prepared by Applicants engineer and reviewed by Utility's engineer and approved by Utility in writing. All domestic water system facilities shall be constructed in accordance with acceptable utility construction practices and in accordance with the rules and regulations of the ACC and the Arizona Department of Environmental Quality and the requirements of all other municipal and governmental agencies having jurisdiction.

7) Applicant shall comply with Utility's requirements for inspection and testing of the domestic water facilities constructed under this Agreement. Applicant shall provide Utility adequate notice when facilities under construction are ready for inspection and/or testing. Utility shall provide said inspection within five working days of being so noticed.

8) Utility shall provide Applicant written notice of any deficiencies discovered during said inspection within 10 working days of said inspection. Utility reserves the right to withhold acceptance of the facilities unless said facilities have been constructed in accordance with the requirements set forth herein.

9 Applicant herewith agrees to diligently pursue and promptly correct all deficiencies in construction, materials and workmanship as noted in Utilities written notice of deficiencies.

10) Applicant agrees to promptly correct all defects and deficiencies in construction, materials, and workmanship upon request by Utility and for one year following Utility's acceptance of the facilities at Applicants sole cost. It is understood that inspection and / or acceptance by Utility in no way relieves or limits Applicant of any responsibility and liability for construction and installation of the facilities in accordance with the terms of this Agreement.

11) The domestic water system facilities and all parts thereof, upon acceptance by Utility as provided herein, shall become and remain the sole property of utility without the requirements of any written document of transfer to Utility. However, Applicant shall furnish such documents pertaining to ownership and title as Utility may reasonably request to evidence or confirm transfer of possession and title to Utility free and clear of liens, or containing provision for satisfaction of lien claims by Applicant, acceptable to Utility. Applicant shall repair or cause to be repaired promptly, at no cost to Utility, all damage to the facilities caused by construction operations until all construction within the property is complete whether caused by Applicant or not.

12) Applicant shall convey or cause to be conveyed to Utility by Warranty Deed free and clear title to the land upon which any well and/or storage facility pertinent to the provision of domestic water is required. Any other lands applicable to and necessary for the provision of domestic water service as set forth on Applicants plans andü specifications shall also be conveyed to Utility. Said lands are described on Exhibit D, a copy of which is attached hereto and made a part hereof.

13) Applicant shall, at no cost to Utility, grant or cause to be granted to Utility, perpetual right-of-ways and easements in a form acceptable to Utility for the facilities and future attachments to the facilities including, but not limited to water mains and access to the production and storage sites. If any rights-of-way or easements are required by Utility for attachments to developments other than Applicant's development, Utility and Applicant shall mutually agree on an acceptable location for such easements or rights-of-way.

14) Applicant shall, within 120 days following acceptance by Utility of facilities, furnish Utility with the following described original documents.

a) Copies of all invoices and billings and other statements of expenses incurred by Applicant for the construction of the domestic water system.

b) Releases and waivers from contractors, sub-contractors and vendors for materials, equipment, supplies, labor and other costs of construction of said facilities.

15) Utility will provide domestic water service to the Property in accordance with the rates, charges and conditions set forth in the tariffs of Utility as filed with the ACC and in effect from time to time. It is agreed that water service to each and every dwelling unit within the Property will be metered accordingly. Applicant acknowledges and agrees that Utility has the right to and may in the future, connect the domestic water facilities to Utility's existing and/or future domestic water system.

16) The cost of construction and installation of facilities as evidenced by invoices furnished to Utility pursuant to Section 14 shall be advances in aid of construction subject to refund by Utility to Applicant. Utility shall make refunds annually to Applicant on or before August 31 for the preceding July 1 through June 30 period. The amount to be refunded annually shall be ten percent (10%) of the revenues (excluding sales taxes and all District, Municipal, County State or Federally imposed regulatory assessments) derived from the provision of metered domestic water service to the Property. Refunds shall be payable for a period of ten (10) years from the date metered domestic water service is initiated to the Property. In no event shall the refunds paid to Applicant exceed the amount of the advanced in aid of construction. Any balance remaining at the end of the ten (10) year period shall become non-refundable. No interest shall be paid on any amount(s) advanced.

17) Applicant will furnish Utility with appropriate certificates of insurance, each containing a thirty (30) day notice of cancellation clause, stating collectively that Applicant or its contractors and subcontractors has the following insurance coverage during the period of construction hereunder.

- a) Workman's Compensation Insurance in the amounts required by the laws of the state of Arizona.
- b) Comprehensive General Liability Insurance including Products/Completed operations, with limits of not less than Two Million Dollars (2,000,000.00) combined single limit for bodily injury (including death) and property damage.

18) Applicant hereby assumes the full and entire responsibility and liability for any and all incidents of injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence of Applicant, its agents, servants, employees, contractors or subcontractors, arising out of or in connection with the construction of the domestic water facilities prior to Utility's acceptance as set forth herein. Accordingly, Applicant will indemnify and hold harmless Utility, its officers, directors, agents and employees from and against claims or expenses, including penalties and assessments, and attorneys' fees to which they or any of them may be subjected by reason of such injury, death, loss, claim, penalty assessment of damage, and in case any suit or other proceeding shall be brought on account thereof, Applicant will assume the defense at Applicants own expense and will pay all judgements rendered therein.

19) Applicant shall furnish Utility within sixty (60) days after completion of construction "As-Built" drawings certified as to correctness by an engineer registered in the State of Arizona showing the locations and respective sizes of all supply, transmission, production, storage, pumping facilities, and distribution facilities up to the curb valve of service connections to all dwelling units and/or structures served by the domestic water system.

20) Applicant shall cause any Department of Real Estate Subdivision reports issued regarding the Property, clearly to state that water services are to be provided by Utility and that Utility shall own all facilities utilized in providing said services, other than the service connections from the curb line into the dwelling unit premises.

21) The failure of either party hereto to enforce any of the provisions of this Agreement or the waiver thereof in any instance shall not be construed as a general waiver or relinquishment on its part of any such provision but the same shall, nevertheless, be and remain in full force and effect.

22) Communications hereunder shall be sent to the respective parties, addressed as follows:

APPLICANT: Patton Place L.L.C.
7119 E. Shea Boulevard
PMB 237
Scottsdale, AZ 85254

UTILITY: Beardsley Water Company
P.O. Box 1020
Apache Junction, AZ 85217

or to other such address as the parties may advise each other in writing.

23) It is agreed that Utility is not an agent of Applicant and shall not incur any costs or expenses on behalf of Applicant and that Applicant is not an agent of Utility and shall not incur any cost or expenses on behalf of Utility.

24) This Agreement shall be governed by the laws of the State of Arizona and shall be subject to the approval of the ACC and such other regulatory agencies as may be required under the laws of said State.

25) This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective legal representatives, successors and assigns. However, neither Applicant nor Utility shall assign its rights, obligations and interest in this Agreement without the prior written consent of the other and such consent shall not be unreasonably withheld or delayed by either Applicant or Utility. Any attempted assignment without such consent shall be void and of no effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate as of the day and year first above written.

APPLICANT *Patten Plastic*

UTILITY

Beardsley Water Company

By: *P.D. Goodwill*

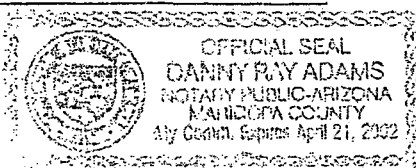
By: *Fred T. Wilkinson*
Fred T. Wilkinson, Agent

STATE OF ARIZONA)
) SS
County of Maricopa)

The foregoing instrument was acknowledged before me this 15 day of February, 2002, by Thrup D. Goodwill known to me to be the MANAGER of PATTEN PLASTIC, LLC, and authorized by said corporation to make this acknowledgement on its behalf.

By *[Signature]*
Notary Public

My Commission Expires



STATE OF ARIZONA)
) SS
County of Maricopa)

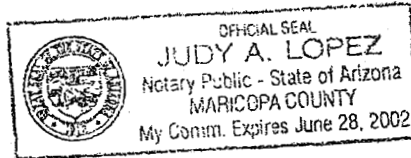
The foregoing instrument was acknowledged before me this
15th day of March, 2002, by Fred T. Wilkinson
known to me to be the Agent of Beardsley
Water Company, and authorized by said corporation to
make this acknowledgement on its behalf.

By

Judy A. Lopez
Notary Public

My Commission Expires

June 28, 2002



Dated: February 7, 2002
Applicant: Patton Place L.L.C.

EXHIBIT A

A PORTION OF THE SOUTHEAST QUARTER OF SECTION 29 TOWN SHIP 5
NORTH RANGE 3 WEST OF THE GILA AND SALT RIVER BASE AND
MERIDIAN, MARICOPA COUNTY, ARIZONA.



AVENUE

247th

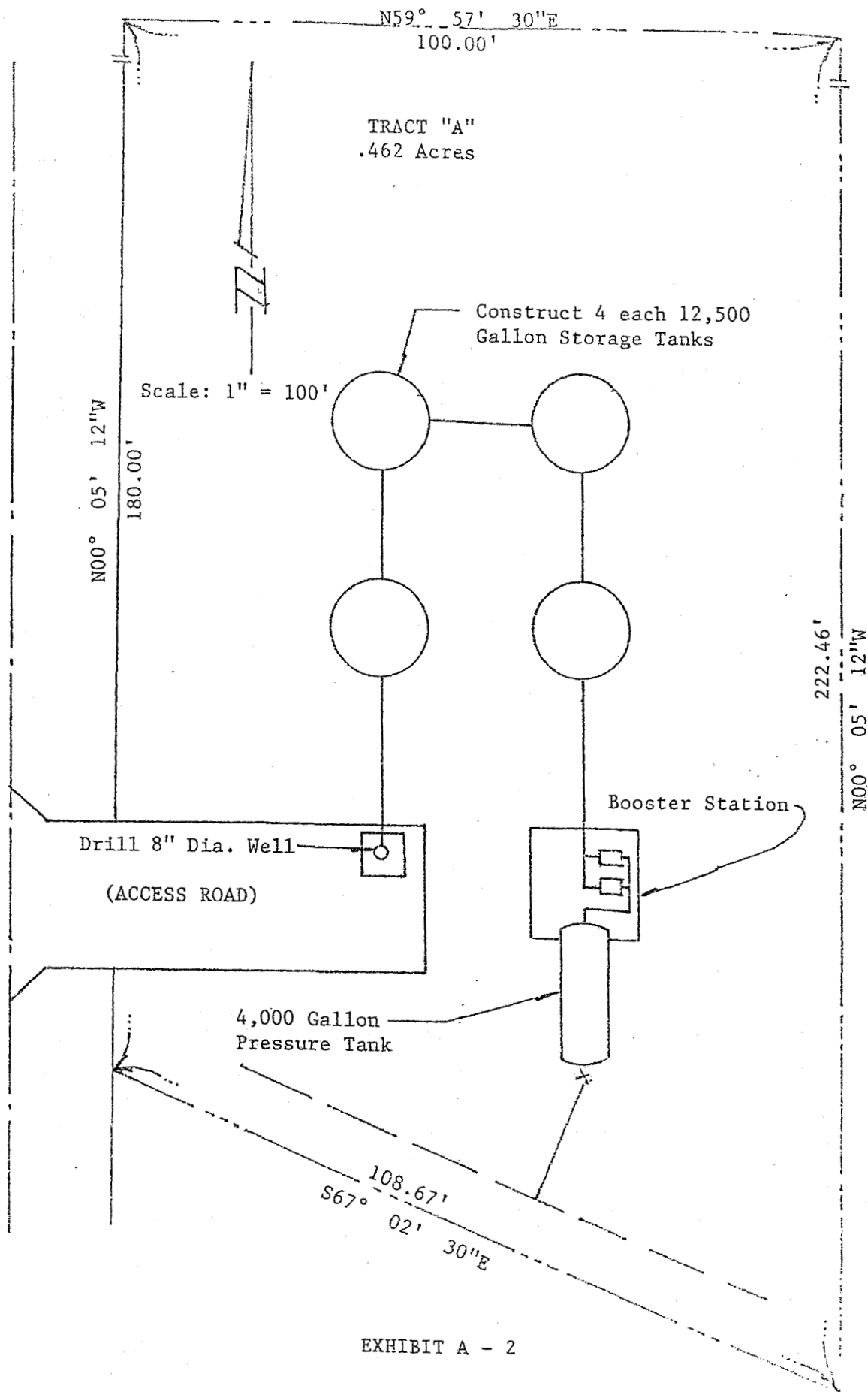


EXHIBIT A - 2

Dated: February 7, 2002
Applicant: Patton Place L.L.C.

EXHIBIT B
Estimated Water System Cost

4,898' 8" PVC Waterline @ \$14/ft	\$68,572
1,544' 6" PVC Waterline @ \$12/ft	18,528
8 ea 8" Valve Box & Cover @ \$450	3,600
3 ea 6" Valve Box & Cover @ \$350	1,050
7 ea 6" Fire Hydrant @ \$1,500	10,500
48 ea 3/4" Water Service @ \$175	8,400
2 ea Blowoff Assy. @ \$150	300
1 only 8" Dia. Well @ \$15/ft	9,750
1 only Submersible Pump @ \$1,750	1,750
2 ea Booster Pumps @ \$750	1,500
4 ea 12,500 Gallon Tank @ \$15,000	60,000
1 only 4000 Gallon Pressure Tank @ \$8,000	8,000
1 only 2 1/2" meter @ \$350	350
1 only 20' gate w/lock @ \$200	200
592 l/f 6' Chain Link Fence @ \$10/ft	5,920
1 only gravel access road @ \$5/yard	665
Total Estimated Water System Cost	199,085

Dated: February 7, 2002
Applicant: Patton Place, L.L.C.

EXHIBIT C

OVERSIZING COSTS

No oversizing costs are required under this agreement.

Date: February 7, 2002
Applicant: Patton Place L.L.C.

EXHIBIT D

Applicant shall convey that certain parcel of land to
Utility described as Tract A of the Patton Place Estates in
accordance with Section 12 of this Agreement.

Patton Place

Unit 3

7-15-05
10443

MAIN EXTENSION AGREEMENT

WATER FACILITIES

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This Agreement is entered into at Apache Junction, Arizona on this 30 day of October, 2003, by and between Patton Place Estates Unit 3, hereinafter referred to as Applicant and Beardsley Water Company, an Arizona Corporation, hereinafter referred to as Utility.

1) Applicant is the owner of Patton Place Estates Unit 3 as set forth in Exhibit A, a copy of which is attached hereto and made a part hereof and hereinafter referred to as Property.

2) Applicant intends to develop said Property as set forth in Exhibit A and will require domestic water service.

3) Applicant and Utility agree that said property lies within the Certificate of Convenience and Necessity of Utility and therefore Utility is obligated to provide said domestic water service in accordance with the rules and regulations of the Arizona Corporation Commission (ACC)

AGREEMENT

NOW THEREFORE, in consideration of the terms and conditions set forth below, the parties hereto agree:

1) Applicant shall cause the proposed domestic water system to be designed, constructed and installed as necessary to provide an adequate supply of domestic water to Applicant's Property as described in Exhibit A. Said water system shall include all necessary water facilities including but not limited to mains, fittings, fire hydrants, service lines, meter assemblies, meters, storage, wells, pumping facilities and required water testing.

2) Applicant shall be responsible for all costs associated with the construction of the domestic water system including engineering, inspection, permits, easements, labor, materials, equipment, transportation, insurance and bonds if applicable.

3) Applicants cost, as set forth in Exhibit B, a copy of which is attached hereto and made a part hereof, shall be subject to refund in accordance with the rules and regulations of the ACC and further described in Section 16 of this Agreement.

ORIGINAL

4) Applicant shall cause the domestic water system to be designed and constructed with sufficient capacity to serve the water needs of the Property, including fire protection.

5) Applicant may be required by Utility to provide "oversizing" in Applicants design and construction to benefit the needs of Utility. If oversizing is required by Utility, the Utility shall be obligated to pay those costs applicable to the oversized facilities. Said payment shall be based on material costs only and shall not include any costs for labor, equipment, transportation engineering, permits, disinfection, testing or any other costs not applicable in the sole discretion of Utility. Oversizing costs are set forth in Exhibit C, a copy of which is attached hereto and made a part hereof.

6) Applicant shall obtain all applicable permits, including zoning and other necessary permits which may be required prior to construction of the Domestic water system. All domestic water system facilities shall be constructed in accordance with the plans and specifications as prepared by Applicants engineer and reviewed by Utility's engineer and approved by Utility in writing. All domestic water system facilities shall be constructed in accordance with acceptable utility construction practices and in accordance with the rules and regulations of the ACC and the Arizona Department of Environmental Quality and the requirements of all other municipal and governmental agencies having jurisdiction.

7) Applicant shall comply with Utility's requirements for inspection and testing of the domestic water facilities constructed under this Agreement. Applicant shall provide Utility adequate notice when facilities under construction are ready for inspection and/or testing. Utility shall provide said inspection within five working days of being so noticed.

8) Utility shall provide Applicant written notice of any deficiencies discovered during said inspection within 10 working days of said inspection. Utility reserves the right to withhold acceptance of the facilities unless said facilities have been constructed in accordance with the requirements set forth herein.

9 Applicant herewith agrees to diligently pursue and promptly correct all deficiencies in construction, materials and workmanship as noted in Utilities written notice of deficiencies.

ORIGINAL

10) Applicant agrees to promptly correct all defects and deficiencies in construction, materials, and workmanship upon request by Utility and for one year following Utility's acceptance of the facilities at Applicants sole cost. It is understood that inspection and/or acceptance by Utility in no way relieves or limits Applicant of any responsibility and liability for construction and installation of the facilities in accordance with the terms of this Agreement.

11) The domestic water system facilities and all parts thereof, upon acceptance by Utility as provided herein, shall become and remain the sole property of utility without the requirements of any written document of transfer to Utility. However, Applicant shall furnish such documents pertaining to ownership and title as Utility may reasonably request to evidence or confirm transfer of possession and title to Utility free and clear of liens, or containing provision for satisfaction of lien claims by Applicant, acceptable to Utility. Applicant shall repair or cause to be repaired promptly, at no cost to Utility, all damage to the facilities caused by construction operations until all construction within the property is complete whether caused by Applicant or not.

12) Applicant shall convey or cause to be conveyed to Utility by Warranty Deed free and clear title to the land upon which any well and/or storage facility pertinent to the provision of domestic water is required. Any other lands applicable to and necessary for the provision of domestic water service as set forth on Applicants plans and specifications shall also be conveyed to Utility. Said lands are described on Exhibit D, a copy of which is attached hereto and made a part hereof.

13) Applicant shall, at no cost to Utility, grant or cause to be granted to Utility, perpetual right-of-ways and easements in a form acceptable to Utility for the facilities and future attachments to the facilities including, but not limited to water mains and access to the production and storage sites. If any rights-of-way or easements are required by Utility for attachments to developments other than Applicant's development, Utility and Applicant shall mutually agree on an acceptable location for such easements or rights-of-way.

14) Applicant shall, within 120 days following acceptance by Utility of facilities, furnish Utility with the following described original documents.

a) Copies of all invoices and billings and other statements of expenses incurred by Applicant for the construction of the domestic water system.

b) Releases and waivers from contractors, sub-contractors and vendors for materials, equipment, supplies, labor and other costs of construction of said facilities.

15) Utility will provide domestic water service to the Property in accordance with the rates, charges and conditions set forth in the tariffs of Utility as filed with the ACC and in effect from time to time. It is agreed that water service to each and every dwelling unit within the Property will be metered accordingly. Applicant acknowledges and agrees that Utility has the right to and may in the future, connect the domestic water facilities to Utility's existing and/or future domestic water system.

16) The cost of construction and installation of facilities as evidenced by invoices furnished to Utility pursuant to Section 14 shall be advances in aid of construction subject to refund by Utility to Applicant. Utility shall make refunds annually to Applicant on or before August 31 for the preceding July 1 through June 30 period. The amount to be refunded annually shall be ten percent (10%) of the revenues (excluding sales taxes and all District, Municipal, County State or Federally imposed regulatory assessments) derived from the provision of metered domestic water service to the Property. Refunds shall be payable for a period of ten (10) years from the date metered domestic water service is initiated to the Property. In no event shall the refunds paid to Applicant exceed the amount of the advanced in aid of construction. Any balance remaining at the end of the ten (10) year period shall become non-refundable. No interest shall be paid on any amount(s) advanced.

17) Applicant will furnish Utility with appropriate certificates of insurance, each containing a thirty (30) day notice of cancellation clause, stating collectively that Applicant or its contractors and subcontractors has the following insurance coverage during the period of construction hereunder.

- a) Workman's Compensation Insurance in the amounts required by the laws of the state of Arizona.
- b) Comprehensive General Liability Insurance including Products/Completed operations, with limits of not less than Two Million Dollars (2,000,000.00) combined single limit for bodily injury (including death) and property damage.

ORIGINAL

18) Applicant hereby assumes the full and entire responsibility and liability for any and all incidents of injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence of Applicant, its agents, servants, employees, contractors or subcontractors, arising out of or in connection with the construction of the domestic water facilities prior to Utility's acceptance as set forth herein. Accordingly, Applicant will indemnify and hold harmless Utility, its officers, directors, agents and employees from and against claims or expenses, including penalties and assessments, and attorneys' fees to which they or any of them may be subjected by reason of such injury, death, loss, claim, penalty assessment of damage, and in case any suit or other proceeding shall be brought on account thereof, Applicant will assume the defense at Applicants own expense and will pay all judgements rendered therein.

19) Applicant shall furnish Utility within sixty (60) days after completion of construction "As-Built" drawings certified as to correctness by an engineer registered in the State of Arizona showing the locations and respective sizes of all supply, transmission, production, storage, pumping facilities, and distribution facilities up to the curb valve of service connections to all dwelling units and/or structures served by the domestic water system.

20) Applicant shall cause any Department of Real Estate Subdivision reports issued regarding the Property, clearly to state that water services are to be provided by Utility and that Utility shall own all facilities utilized in providing said services, other than the service connections from the curb line into the dwelling unit premises.

21) The failure of either party hereto to enforce any of the provisions of this Agreement or the waiver thereof in any instance shall not be construed as a general waiver or relinquishment on its part of any such provision but the same shall, nevertheless, be and remain in full force and effect.

22) Communications hereunder shall be sent to the respective parties, addressed as follows:

APPLICANT: Patton Place Estates Unit 3
7119 E. Shea Boulevard
PMB 237
Scottsdale, Arizona 85254

UTILITY: Beardsley Water Company
P.O. Box 1020
Apache Junction, AZ 85217

or to other such address as the parties may advise each other in writing.

ORIGINAL

23) It is agreed that Utility is not an agent of Applicant and shall not incur any costs or expenses on behalf of Applicant and that Applicant is not an agent of Utility and shall not incur any cost or expenses on behalf of Utility.

24) This Agreement shall be governed by the laws of the State of Arizona and shall be subject to the approval of the ACC and such other regulatory agencies as may be required under the laws of said State.

25) This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective legal representatives, successors and assigns. However, neither Applicant nor Utility shall assign its rights, obligations and interest in this Agreement without the prior written consent of the other and such consent shall not be unreasonably withheld or delayed by either Applicant or Utility. Any attempted assignment without such consent shall be void and of no effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate as of the day and year first above written.

APPLICANT

UTILITY

Patton Place Estates Unit 3

Beardsley Water Company

By: P.D. Goodwill Mgr.

By: Fred T. Wilkinson
Fred T. Wilkinson, Agent

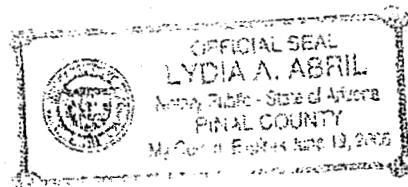
STATE OF ARIZONA)
 PINAL) SS
County of ~~Maricopa~~)

The foregoing instrument was acknowledged before me this 30th day of October, 2003, by Fred T. Wilkinson known to me to be the Agent of Beardsley Water Company, and authorized by said corporation to make this acknowledgement on its behalf.

By: Lydia A. Abril
Notary Public

My Commission Expires

June 12, 2006



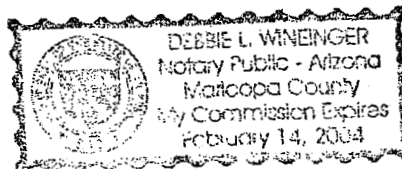
ORIGINAL

STATE OF ARIZONA)
) SS
County of Maricopa)

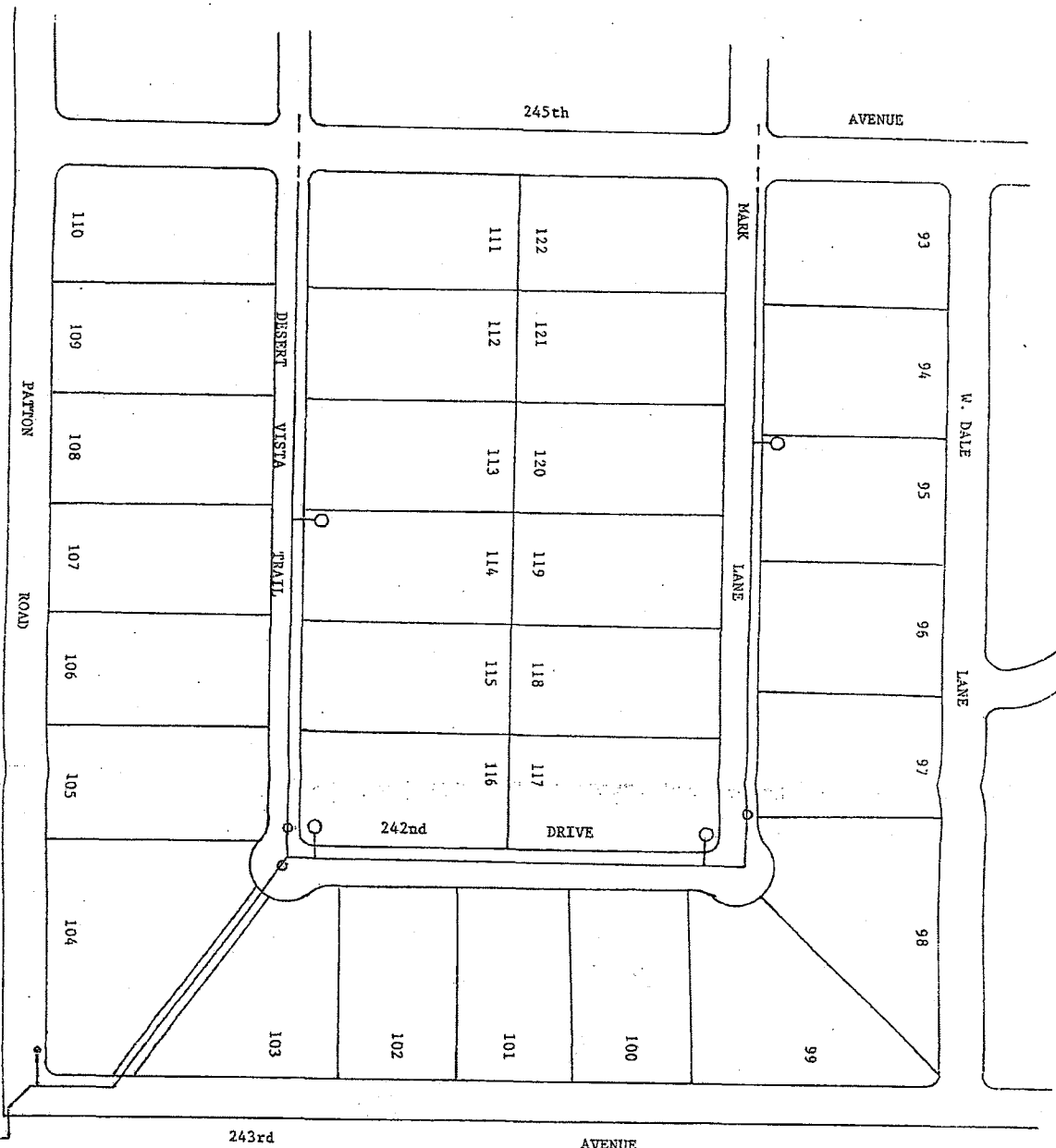
The foregoing instrument was acknowledged before me this
10th day of December, 2003, by Phillip Goodwill
known to me to be the _____ of _____
_____, and authorized by said corporation to
make this acknowledgement on its behalf.

By Debbie L. Wineinger
Notary Public

My Commission Expires
February 14, 2004



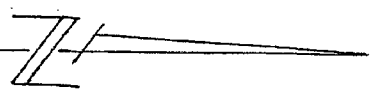
ORIGINAL



SCALE: 1" = 150'

LEGEND:

- FIRE HYDRANT — ○ —
- VALVE — ● —
- EXISTING WATER MAIN — — —
- 8" WATER MAIN — — —
- 8" X 2" BLOW OFF ASSY. — ● —



ORIGINAL

PATTON PLACE ESTATES UNIT III
EXHIBIT "A"

Date: October 28, 2003
Applicant: Patton Place Estates Unit 3

EXHIBIT B

APPLICANTS COST

The estimated Applicants cost is set forth below:

UNITS	DESCRIPTION	UNIT COST	EXTENSION
-----	-----	----	-----
3,052 l/f	8" PVC C-900	\$20.00/Ft	\$61,040.00
7 Each	8" Valve Including valve box & Cover	\$750.00	\$5,250.00
4 Each	6" Fire Hydrant with valve & fittings	\$1,850.00	\$7,400.00
4 Each	8"x 8" Tee	\$350.00	\$1,400.00
4 Each	45 Bend	\$350.00	\$1,400.00
1 Only	90 Bend	\$270.00	\$270.00
30 Each	3/4" Water Service	\$400.00	\$12,000.00
1 Only	Blowoff Assembly	\$450.00	\$450.00

	Total Estimated Cost		\$89,210.00

ORIGINAL

Dated: October 28, 2003
Applicant: Patton Place Estates Unit3

EXHIBIT C

OVERSIZING COSTS

No oversizing costs are required under this agreement.

ORIGINAL

Dated: October 28, 2003
Applicant: Patton Place Estates Unit 3

EXHIBIT D

LANDS CONVEYED BY APPLICANT TO UTILITY UNDER THIS AGREEMENT

No land to be conveyed under this Agreement.

ORIGINAL

77A1EK USE DATA SHEET

NAME OF COMPANY	BEARDSLEY WATER COMPANY
ADEQ Public Water System No.	007-517 (Patton Place Estates) BWC #4

MONTH/YEAR (Last 12 Months)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	
January 2003	10	92.5	
February 2003	11	45.6	
March 2003	15	68.3	
April 2003	21	146.8	
May 2003	25	253.4	
June 2003	28	276.3	
July 2003	36	356.0	
August 2003	39	299.7	
September 2003	42	320.3	
October 2003	48	465.0	
November 2003	48	330.9	
December 2003	51	385.9	
STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)
60,000	1	55-591679	155
Other Water Sources in Gallons per Minute —————→		None	GPM
Fire Hydrants on System —————→		Yes X	No
Total Water Pumped Last 12 Months (Gallons in Thousands) ————→		3040.7	

Patton Place

Unit 4

MAIN EXTENSION AGREEMENT

WATER FACILITIES

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This Agreement is entered into at Apache Junction, Arizona on this 30 day of October, 2003, by and between Patton Place Estates Unit 4, hereinafter referred to as Applicant and Beardsley Water Company, an Arizona Corporation, hereinafter referred to as Utility.

- 1) Applicant is the owner of Patton Place Estates Unit 4 as set forth in Exhibit A, a copy of which is attached hereto and made a part hereof and hereinafter referred to as Property.
- 2) Applicant intends to develop said Property as set forth in Exhibit A and will require domestic water service.
- 3) Applicant and Utility agree that said property lies within the Certificate of Convenience and Necessity of Utility and therefore Utility is obligated to provide said domestic water service in accordance with the rules and regulations of the Arizona Corporation Commission (ACC)

AGREEMENT

NOW THEREFORE, in consideration of the terms and conditions set forth below, the parties hereto agree:

- 1) Applicant shall cause the proposed domestic water system to be designed, constructed and installed as necessary to provide an adequate supply of domestic water to Applicant's Property as described in Exhibit A. Said water system shall include all necessary water facilities including but not limited to mains, fittings, fire hydrants, service lines, meter assemblies, meters, storage, wells, pumping facilities and required water testing.
- 2) Applicant shall be responsible for all costs associated with the construction of the domestic water system including engineering, inspection, permits, easements, labor, materials, equipment, transportation, insurance and bonds if applicable.
- 3) Applicants cost, as set forth in Exhibit B, a copy of which is attached hereto and made a part hereof, shall be subject to refund in accordance with the rules and regulations of the ACC and further described in Section 16 of this Agreement.

ORIGINAL

4) Applicant shall cause the domestic water system to be designed and constructed with sufficient capacity to serve the water needs of the Property, including fire protection.

5) Applicant may be required by Utility to provide "oversizing" in Applicants design and construction to benefit the needs of Utility. If oversizing is required by Utility, the Utility shall be obligated to pay those costs applicable to the oversized facilities. Said payment shall be based on material costs only and shall not include any costs for labor, equipment, transportation engineering, permits, disinfection, testing or any other costs not applicable in the sole discretion of Utility. Oversizing costs are set forth in Exhibit C, a copy of which is attached hereto and made a part hereof.

6) Applicant shall obtain all applicable permits, including zoning and other necessary permits which may be required prior to construction of the Domestic water system. All domestic water system facilities shall be constructed in accordance with the plans and specifications as prepared by Applicants engineer and reviewed by Utility's engineer and approved by Utility in writing. All domestic water system facilities shall be constructed in accordance with acceptable utility construction practices and in accordance with the rules and regulations of the ACC and the Arizona Department of Environmental Quality and the requirements of all other municipal and governmental agencies having jurisdiction.

7) Applicant shall comply with Utility's requirements for inspection and testing of the domestic water facilities constructed under this Agreement. Applicant shall provide Utility adequate notice when facilities under construction are ready for inspection and/or testing. Utility shall provide said inspection within five working days of being so noticed.

8) Utility shall provide Applicant written notice of any deficiencies discovered during said inspection within 10 working days of said inspection. Utility reserves the right to withhold acceptance of the facilities unless said facilities have been constructed in accordance with the requirements set forth herein.

9) Applicant herewith agrees to diligently pursue and promptly correct all deficiencies in construction, materials and workmanship as noted in Utilities written notice of deficiencies.

ORIGINAL

10) Applicant agrees to promptly correct all defects and deficiencies in construction, materials, and workmanship upon request by Utility and for one year following Utility's acceptance of the facilities at Applicants sole cost. It is understood that inspection and/or acceptance by Utility in no way relieves or limits Applicant of any responsibility and liability for construction and installation of the facilities in accordance with the terms of this Agreement.

11) The domestic water system facilities and all parts thereof, upon acceptance by Utility as provided herein, shall become and remain the sole property of utility without the requirements of any written document of transfer to Utility. However, Applicant shall furnish such documents pertaining to ownership and title as Utility may reasonably request to evidence or confirm transfer of possession and title to Utility free and clear of liens, or containing provision for satisfaction of lien claims by Applicant, acceptable to Utility. Applicant shall repair or cause to be repaired promptly, at no cost to Utility, all damage to the facilities caused by construction operations until all construction within the property is complete whether caused by Applicant or not.

12) Applicant shall convey or cause to be conveyed to Utility by Warranty Deed free and clear title to the land upon which any well and/or storage facility pertinent to the provision of domestic water is required. Any other lands applicable to and necessary for the provision of domestic water service as set forth on Applicants plans and specifications shall also be conveyed to Utility. Said lands are described on Exhibit D, a copy of which is attached hereto and made a part hereof.

13) Applicant shall, at no cost to Utility, grant or cause to be granted to Utility, perpetual right-of-ways and easements in a form acceptable to Utility for the facilities and future attachments to the facilities including, but not limited to water mains and access to the production and storage sites. If any rights-of-way or easements are required by Utility for attachments to developments other than Applicant's development, Utility and Applicant shall mutually agree on an acceptable location for such easements or rights-of-way.

14) Applicant shall, within 120 days following acceptance by Utility of facilities, furnish Utility with the following described original documents.

a) Copies of all invoices and billings and other statements of expenses incurred by Applicant for the construction of the domestic water system.

ORIGINAL

b) Releases and waivers from contractors, sub-contractors and vendors for materials, equipment, supplies, labor and other costs of construction of said facilities.

15) Utility will provide domestic water service to the Property in accordance with the rates, charges and conditions set forth in the tariffs of Utility as filed with the ACC and in effect from time to time. It is agreed that water service to each and every dwelling unit within the Property will be metered accordingly. Applicant acknowledges and agrees that Utility has the right to and may in the future, connect the domestic water facilities to Utility's existing and/or future domestic water system.

16) The cost of construction and installation of facilities as evidenced by invoices furnished to Utility pursuant to Section 14 shall be advances in aid of construction subject to refund by Utility to Applicant. Utility shall make refunds annually to Applicant on or before August 31 for the preceding July 1 through June 30 period. The amount to be refunded annually shall be ten percent (10%) of the revenues (excluding sales taxes and all District, Municipal, County State or Federally imposed regulatory assessments) derived from the provision of metered domestic water service to the Property. Refunds shall be payable for a period of ten (10) years from the date metered domestic water service is initiated to the Property. In no event shall the refunds paid to Applicant exceed the amount of the advanced in aid of construction. Any balance remaining at the end of the ten (10) year period shall become non-refundable. No interest shall be paid on any amount(s) advanced.

17) Applicant will furnish Utility with appropriate certificates of insurance, each containing a thirty (30) day notice of cancellation clause, stating collectively that Applicant or its contractors and subcontractors has the following insurance coverage during the period of construction hereunder.

- a) Workman's Compensation Insurance in the amounts required by the laws of the state of Arizona.
- b) Comprehensive General Liability Insurance including Products/Completed operations, with limits of not less than Two Million Dollars (2,000,000.00) combined single limit for bodily injury (including death) and property damage.

18) Applicant hereby assumes the full and entire responsibility and liability for any and all incidents of injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence of Applicant, its agents, servants, employees, contractors or subcontractors, arising out of or in connection with the construction of the domestic water facilities prior to Utility's acceptance as set forth herein. Accordingly, Applicant will indemnify and hold harmless Utility, its officers, directors, agents and employees from and against claims or expensed, including penalties and assessments, and attorneys' fees to which they or any of them may be subjected by reason of such injury, death, loss, claim, penalty assessment of damage, and in case any suit or other proceeding shall be brought on account thereof, Applicant will assume the defense at Applicants own expense and will pay all judgements rendered therein.

19) Applicant shall furnish Utility within sixty (60) days after completion of construction "As-Built" drawings certified as to correctness by an engineer registered in the State of Arizona showing the locations and respective sizes of all supply, transmission, production, storage, pumping facilities, and distribution facilities up to the curb valve of service connections to all dwelling units and/or structures served by the domestic water system.

20) Applicant shall cause any Department of Real Estate Subdivision reports issued regarding the Property, clearly to state that water services are to be provided by Utility and that Utility shall own all facilities utilized in providing said services, other than the service connections from the curb line into the dwelling unit premises.

21) The failure of either party hereto to enforce any of the provisions of this Agreement or the waiver thereof in any instance shall not be construed as a general waiver or relinquishment on its part of any such provision but the same shall, nevertheless, be and remain in full force and effect.

22) Communications hereunder shall be sent to the respective parties, addressed as follows:

APPLICANT: Patton Place Estates Unit 4
7119 E. Shea Boulevard
PMB 237
Scottsdale, Arizona 85254

UTILITY: Beardsley Water Company
P.O. Box 1020
Apache Junction, AZ 85217

or to other such address as the parties may advise each other in writing.

ORIGINAL

23) It is agreed that Utility is not an agent of Applicant and shall not incur any costs or expenses on behalf of Applicant and that Applicant is not an agent of Utility and shall not incur any cost or expenses on behalf of Utility.

24) This Agreement shall be governed by the laws of the State of Arizona and shall be subject to the approval of the ACC and such other regulatory agencies as may be required under the laws of said State.

25) This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective legal representatives, successors and assigns. However, neither Applicant nor Utility shall assign its rights, obligations and interest in this Agreement without the prior written consent of the other and such consent shall not be unreasonably withheld or delayed by either Applicant or Utility. Any attempted assignment without such consent shall be void and of no effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate as of the day and year first above written.

APPLICANT

UTILITY

Patton Place Estates Unit 4

Beardsley Water Company

By:

Philip D. Goodwill

By:

Fred T. Wilkinson

Fred T. Wilkinson, Agent

STATE OF ARIZONA)

PINAL)

SS

County of ~~Mazisopa~~)

The foregoing instrument was acknowledged before me this 30th day of October, 2003, by Fred T. Wilkinson known to me to be the Agent of Beardsley Water Company, and authorized by said corporation to make this acknowledgement on its behalf,

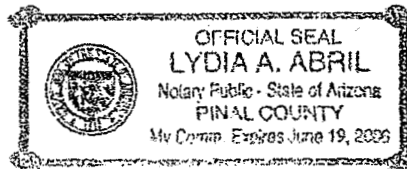
By

Lydia A. Abril

Notary Public

My Commission Expires

June 19, 2006



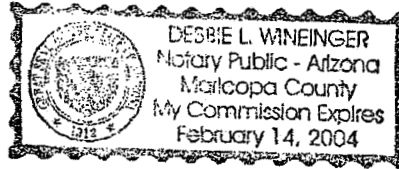
ORIGINAL

STATE OF ARIZONA)
) SS
County of Maricopa)

The foregoing instrument was acknowledged before me this
4th day of November, 2003, by _____
known to me to be the _____ of _____
_____, and authorized by said corporation to
make this acknowledgement on its behalf.

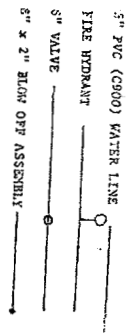
By Debbie L. Wineinger
Notary Public

My Commission Expires
February 14, 2004

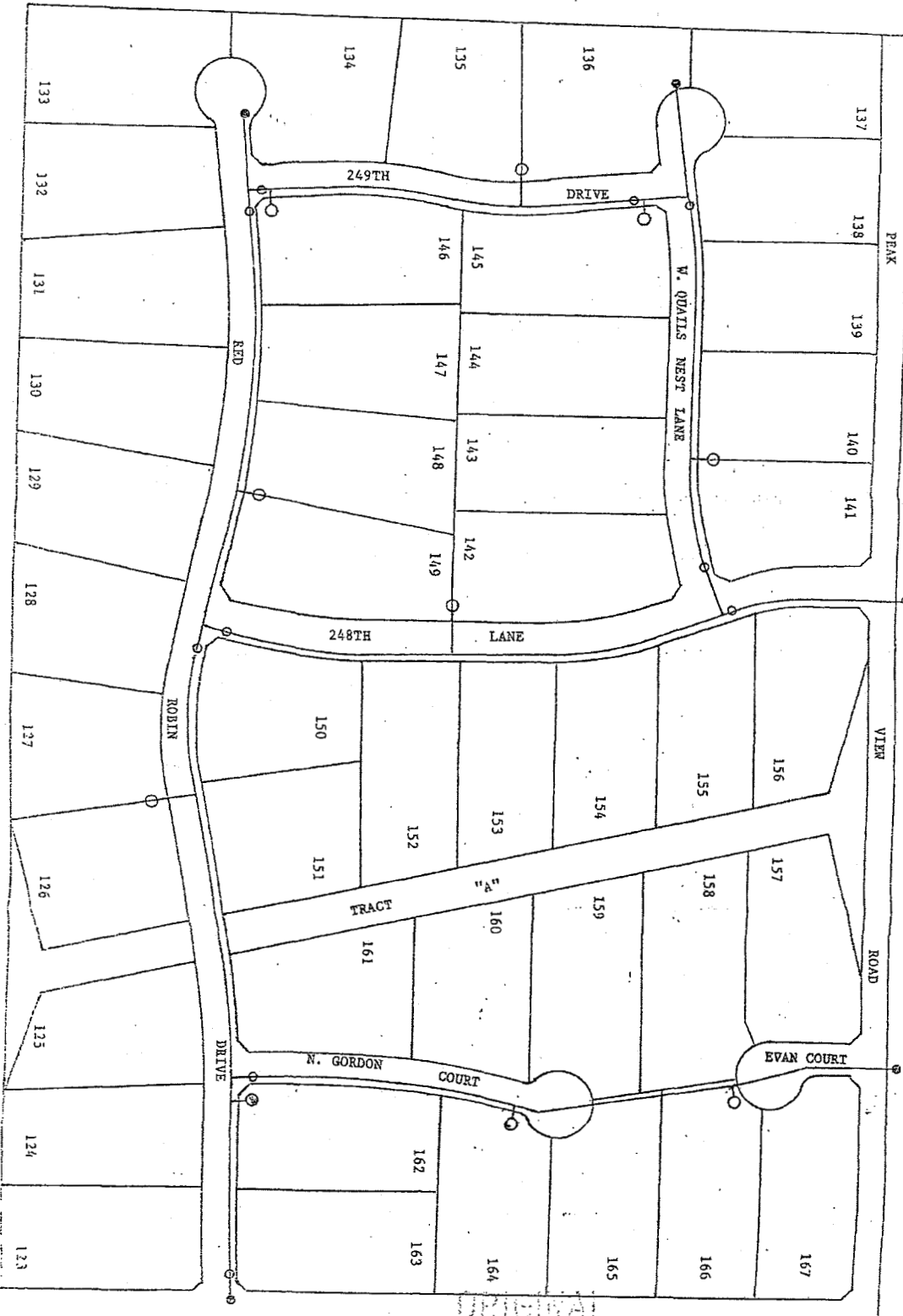
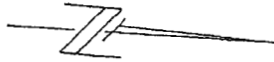


ORIGINAL

LEGEND:



SCALE: 1" = 150'



Date: October 28, 2003
Applicant: Patton Place Estates Unit 4

EXHIBIT B

APPLICANTS COST

The estimated Applicants cost is set forth below:

UNITS -----	DESCRIPTION -----	UNIT COST -----	EXTENSION -----
5,255 1/f	8" PVC C-900	\$20.00/Ft	\$105,100.00
10 Each	8" Valve Including valve box & Cover	\$750.00	\$7,500.00
10 Each	6" Fire Hydrant with valve & fittings	\$1,850.00	\$18,500.00
5 Each	8"x 8" Tee	\$350.00	\$1,750.00
4 Each	45 Bend	\$350.00	\$1,400.00
45 Each	3/4" Water Service	\$400.00	\$18,000.00
4 Each	Blowoff Assembly	\$450.00	1,800.00
1 Only	15,000 gallon ground storage tank	\$18,000.00	\$18,000.00
Total Estimated Cost			----- \$172,050.00

Dated: October 28, 2003
Applicant: Patton Place Estates Unit 4

EXHIBIT C

OVERSIZING COSTS

No oversizing costs are required under this agreement.

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Dated: October 28, 2003
Applicant: Patton Place Estates Unit 4

EXHIBIT D

LANDS CONVEYED BY APPLICANT TO UTILITY UNDER THIS AGREEMENT

No land to be conveyed under this Agreement.

ORIGINAL

WATER USE DATA SHEET

NAME OF COMPANY	BEARDSLEY WATER COMPANY
ADEQ Public Water System No.	007-517 (Patton Place Estates) BWC #4

MONTH/YEAR (Last 12 Months)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)
January 2003	10	92.5
February 2003	11	45.6
March 2003	15	68.3
April 2003	21	146.8
May 2003	25	253.4
June 2003	28	276.3
July 2003	36	356.0
August 2003	39	299.7
September 2003	42	320.3
October 2003	48	465.0
November 2003	48	330.9
December 2003	51	385.9

STORAGE TANK CAPACITY (Gallons)	NUMBER OF EACH	ARIZONA DEPT. OF WATER RESOURCES WELL I.D. NUMBER	WELL PRODUCTION (Gallons per Minute)
60,000	1	55-591679	155

Other Water Sources in Gallons per Minute	None	GPM
Fire Hydrants on System	Yes X	No
Total Water Pumped Last 12 Months (Gallons in Thousands)	3040.7	

Patton Place

Unit 5

MAIN EXTENSION AGREEMENT
WATER FACILITIES

This Agreement is entered into in Apache Junction, Arizona on this 24th day of August, 2005 by and between Patton Place Estates Unit 5, LLC, hereinafter referred to as Applicant and Beardsley Water Company, an Arizona Corporation, hereinafter referred to as Utility.

- 1) Applicant is the owner of said subdivision as set forth in Exhibit A, a copy of which is attached hereto and made a part hereof and hereinafter referred to as Property.
- 2) Applicant intends to develop said Property as set forth in Exhibit A and will require domestic water.
- 3) Applicant and Utility agree that said Property lies within the Certificate of Convenience and Necessity of Utility and therefore Utility is obligated to provide said domestic water service in accordance with the rules and regulations of the Arizona Corporation Commission (ACC).

AGREEMENT

NOW THEREFORE, In consideration of the terms and conditions set forth below, the parties hereto agree:

- 1) Applicant shall cause the proposed domestic water system to be designed, constructed, and installed as necessary to provide an adequate supply of domestic water to Applicants property as described in Exhibit A. Said water system shall include all necessary water facilities including but not limited to mains, fittings, fire hydrants, service lines, meter assemblies, meters, storage, wells, pumping facilities and required water testing.
- 2) Applicant shall be responsible for all costs associated with the construction of the domestic water system including engineering, inspection, administration, permits, easements, labor, material, equipment, transportation, insurance and bonds if applicable.
- 3) Applicants cost, as set forth in Exhibit B, a copy of which is attached hereto and made a part hereof, shall be subject to refund in accordance with the rules and regulations of the ACC and further described in Section 16 of this Agreement.
- 4) Applicant shall cause the domestic water system to be designed and constructed with sufficient capacity to serve the needs of the Property, including fire protection.
- 5) Applicant may be required by Utility to provide "oversizing" in Applicants design and construction to benefit the needs of Utility. If oversizing is required by Utility, the Utility shall be obligated to pay those costs applicable to the oversized facilities. Said payment shall be based on materials costs only and shall not include any costs for labor, equipment, transportation, engineering, permits, disinfection, testing or any other costs

ORIGINAL

not applicable in the sole discretion of Utility. Over sizing costs are set forth in Exhibit C, a copy of which is attached hereto and made a part hereof.

6) Applicant shall obtain all applicable permits, including zoning and other necessary permits which may be required prior to construction of the domestic water system. All domestic water system facilities shall be constructed in accordance with the plans and specifications as prepared by Applicants engineer and reviewed by Utilities engineer and approved by Utility in writing. All domestic water system facilities shall be constructed in accordance with the rules and regulations of the ACC and the Arizona Department of Environmental Quality and the requirements of all other municipal and governmental agencies having jurisdiction.

7) Applicant shall comply with Utilities requirements for inspection and testing of the domestic water facilities constructed under this Agreement. Applicant shall provide Utility adequate notice when facilities under construction are ready for inspection and/or testing. Utility shall provide said inspection within five working days of being so noticed.

8) Utility shall provide Applicant written notice of any deficiencies discovered during said inspection within ten working days of said inspection. Utility reserves the right to withhold acceptance of the facilities unless said facilities have been constructed in accordance with the requirements set forth herein.

9) Applicant herewith agrees to diligently pursue and promptly correct all deficiencies in construction, materials and workmanship as noted in Utilities written notice of deficiencies.

10) Applicant agrees to promptly correct all defects and deficiencies in construction, materials and workmanship upon request by Utility and for one year following Utility's acceptance of the facilities at Applicants sole cost. It is understood that inspection and/or acceptance by Utility in no way relieves or limits Applicant of any responsibility and liability for construction and installation of the facilities in accordance with the terms of this Agreement.

11) The domestic water system facilities and all parts thereof, upon acceptance by Utility as provided herein, shall become and remain the sole property of Utility without the requirements of any written document of transfer to Utility. However, Applicant shall furnish such documents pertaining to ownership and title as Utility may reasonably request to evidence or confirm transfer of possession and title to Utility free and clear of liens, or containing provision for satisfaction of lien claims by Applicant, acceptable to Utility. Applicant shall repair or cause to be repaired promptly, at no cost to Utility, all damages to the facilities caused by construction operations until all construction within the Property is complete whether caused by Applicant or not.

12) Applicant shall convey or cause to be conveyed to Utility by Warranty Deed free and clear title to the land upon which any well and/or storage facility pertinent to the provision of domestic water service is required. Any other lands applicable to and necessary for the provision of domestic water service as set forth on Applicants plans and specifications shall also be conveyed to Utility. Said lands are described on Exhibit D, a copy of which is attached hereto and made a part hereof.

13) Applicant shall, at no cost to Utility, grant or cause to be granted to Utility, perpetual right-of-ways and easements in a form acceptable to Utility for the facilities and future attachments to the facilities including but not limited to water mains and access to the production and storage sites. If any rights-of-way or easements are required by Utility for attachments to developments other than Applicant's development, Utility and Applicant shall mutually agree on an acceptable location for such easement or rights-of-way.

14) Applicant shall, within 30 days following acceptance by Utility of facilities, furnish Utility with the following described original documents:

- a) Copies of all invoices and billings and other statements of expenses incurred by Applicant for the construction of the domestic water system.
- b) Releases and waivers from contractors, sub-contractors and vendors for materials, equipment, supplies, labor and other costs of construction of said facilities.

15) Utility will provide domestic water service to the Property in accordance with the rates, charges and conditions set forth in the tariffs of Utility as filed with the ACC and in effect from time to time. It is agreed that domestic water service to each and every dwelling unit within the Property will be metered accordingly. Applicant acknowledges and agrees that Utility has the right to and may in the future; connect the domestic water facilities to Utility's existing and/or future domestic water system.

16) The cost of construction and installation of facilities as evidenced by invoices furnished to Utility pursuant to Section 14 shall be advances in aid of construction subject to refund by Utility to Applicant. Utility shall make refunds annually to Applicant on or before August 31 for the preceding July1 through June30 period. The amount to be refunded annually shall be ten percent (10%) of the revenues (excluding sales taxes and all District, Municipal, County, State or federally imposed regulatory assessments) derived from the provision of metered domestic water service to the Property. Refunds shall be payable for a period of ten (10) years from the date metered domestic water service is initiated to the Property. In no event shall the refunds paid to Applicant exceed the amount of the advance in aid of construction. Any balance remaining at the end of the ten (10) year period shall become non-refundable. No interest shall be paid on any amount(s) advanced.

17) Applicant will furnish Utility with appropriate certificates of insurance; each containing a thirty (30) day cancellation clause, stating collectively that Applicant or its contractors and subcontractors has the following insurance coverage during the period of construction hereunder.

- a) Workman's Compensation Insurance in the amounts required by the laws of the state of Arizona.
- b) Comprehensive General Liability Insurance including Products/Completed operations, with limits not less than Two Million Dollars (\$2,000,000.00) combined single limit for bodily injury (including death) and property damage.

18) Applicant hereby assumes the full and entire responsibility and liability for any and all incidents of injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence of Applicant, its agents, servants, employees, contractors or subcontractors arising out of or in connection with the construction of the domestic water facilities prior to Utility's acceptance as set forth herein. Accordingly, Applicant will indemnify and hold harmless Utility, its officers, directors, agents and employees from and against claims or expenses, including penalties and assessments, and attorneys' fees to which they or any of them may be subjected by reason of such injury, death, loss, claim, penalty assessment of damage, and in case of any suit or other proceeding shall be brought on account thereof, Applicant will assume the defense at Applicants own expense and will pay all judgements rendered therein.

19) Applicant shall furnish Utility within sixty (60) days after completion of construction "As-Built" drawings certified as to correctness by an engineer registered in the State of Arizona showing the location and respective sizes of all supply, transmission, production, storage, pumping facilities, and distribution facilities up to the curb valve of service connections to all dwelling units and/or structures served by the domestic water system. Said "As-Built" drawings shall be on 4 mil mylar.

20) Applicant shall cause any Department of Real Estate Subdivision reports issued regarding the Property, clearly to state that water services are to be provided by Utility and that Utility shall own all facilities utilized in providing said services, other than the service connections from the meter to the dwelling unit premises.

21) The failure of either party hereto to enforce any of the provisions of this Agreement or the waiver thereof any instance shall not be construed as a general waiver or relinquishment on its part of any such provision but the same shall, nevertheless, be and remain in full force and effect.

22) Communications hereunder shall be sent to the respective parties, addressed as follows:

APPLICANT: Patton Place Estates Unit 5, LLC
7119 E. Shea Boulevard
Suite 109 PMB 2337
Scottsdale, AZ 85254

UTILITY: Beardsley Water Company
P.O. Box 1020
Apache Junction, AZ 85217

or to other such address as the parties may advise each other in writing.

23) It is agreed that Utility is not an agent of Applicant and shall not incur any costs or expenses on behalf of Applicant and that Applicant is not an agent of Utility and shall not incur any cost or expense on behalf of Utility.

24) This Agreement shall be governed by the laws of the State of Arizona and shall be subject to the approval of the ACC and such other regulatory agencies as may be required under the laws of said State.

25) This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective legal representatives, successors and assigns. However neither Applicant nor Utility shall assign its rights, obligations and interest in this Agreement without the prior written consent of the other and such consent shall not be unreasonably withheld or delayed by either Applicant or Utility. Any attempted assignment without such consent shall be void and of no effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate as of the day and year first above written.

APPLICANT:
Patton Place Estates Unit 5, LLC

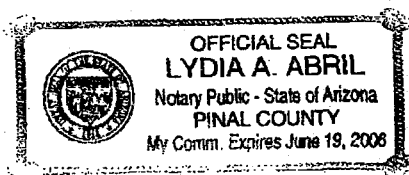
UTILITY:
Beardsley Water Company

By: [Signature]

By: Fred T. Wilkin

STATE OF ARIZONA)
) SS
County of Pinal)

The foregoing instrument was acknowledged before me this 24th day of August 2005, by Fred T. Wilkin known to me to be the agent for Beardsley Water Company and authorized by said corporation to make this acknowledgement on its behalf.



By: [Signature]
Notary Public

My Commission Expires

STATE OF ARIZONA)
) SS
County of Maricopa)

The foregoing instrument was acknowledged before me this 31st day of August
2005, by Daniel C. Starn known to me to be the manager of
National Green Builders Unit 5 and authorized by said corporation to make this
acknowledgement on its behalf.



By: Marlene Nichols
Notary Public

My Commission Expires

May 20, 2007

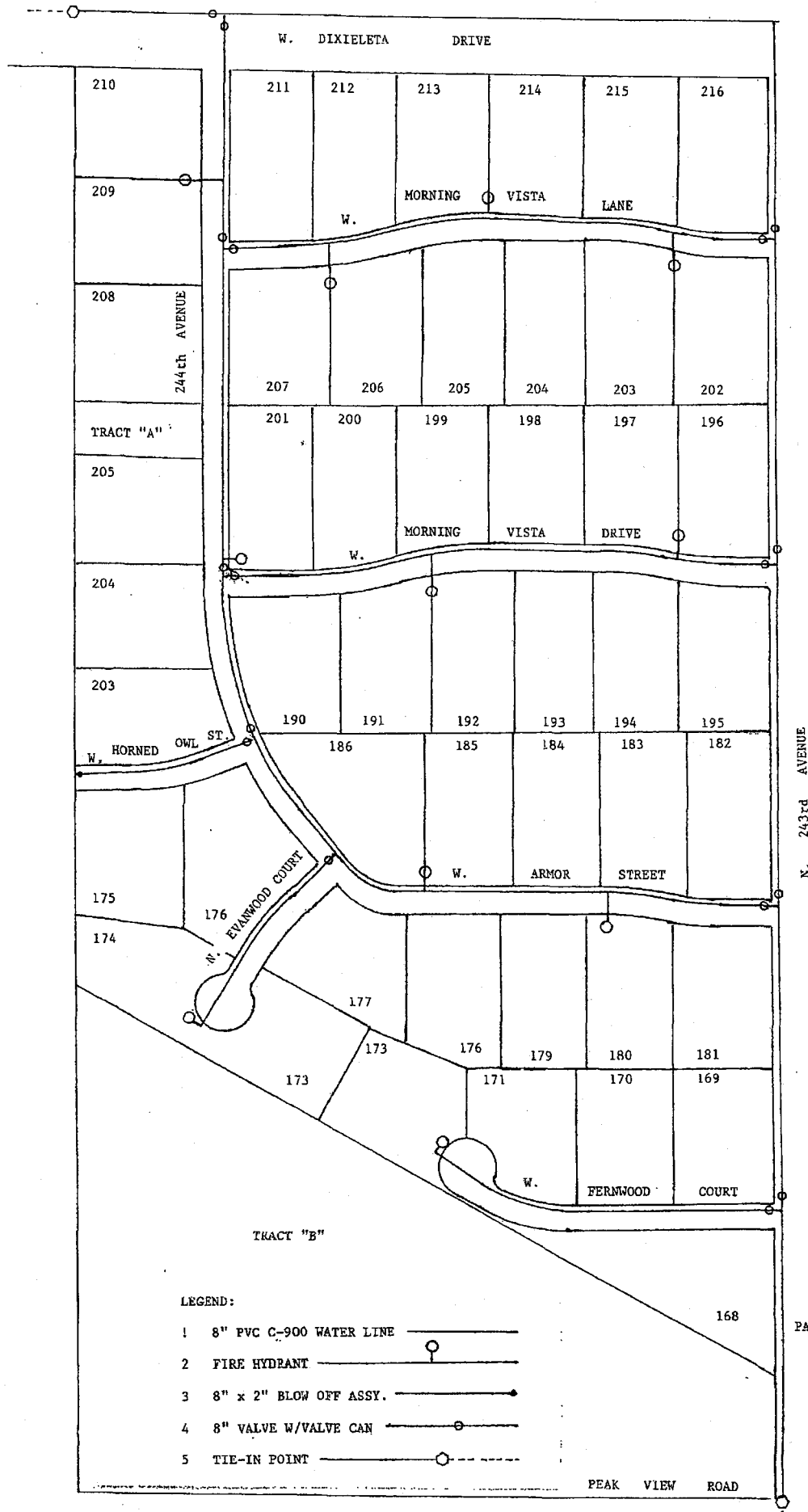


EXHIBIT "A"
PATTON PLACE ESTATES
UNIT 5

Date: February 14, 2005

Applicant: Patton Place Estates Unit 5, LLC

EXHIBIT B

APPLICANTS COST

The estimated Applicants cost is set forth below:

UNITS	DESCRIPTION	UNIT COST	EXTENSION
8,552 feet	8" PVC - C900 Waterline	\$20.00/ft	\$171,040.00
18 Each	8" Valve complete	\$750.00	13,500.00
9 Each 6"	Fire Hydrant complete	\$1,850.00	\$16,650.00
2 Each	8" x 2" Blowoff Assy.	\$450.00	\$900.00
34 Each	1" Water Service	\$425.00	\$14,450.00
1 Only	8" Well per Specs.	Lump Sum	\$38,500.00
1 Only	80,000 Gallon Storage Tank	\$80,000.00	\$80,000.00
1 Only	4,000 Gallon Pressure Tank	\$4,000.00	\$4,000.00
1 Only	85 GPM Submersible Pump	Lump Sum	\$8,750.00
2 Each	10 HP VFD Booster Pumps @ 150-200 GPM	Lump Sum	\$16,500.00
As Req'd	Misc. Fittings, APS & Qwest Conduit	Lump Sum	\$53,800.00

Plan Review, Inspection & Administration			\$418,090.00
			\$4,200.00

Total Estimated Cost			\$422,290.00

DATED: February 14, 2005

APPLICANT: Patton Place Estates Unit 5, LLC

EXHIBIT C

OVERSIZING COSTS

No oversizing costs are required under this Agreement.

DATED: February 14, 2005

APPLICANT: Patton Place Estates Unit 5, LLC

EXHIBIT D

LANDS CONVEYED BY APPLICANT TO UTILITY UNDER THIS AGREEMENT

A well site shall be conveyed under this Agreement. Said well site is described as all of tract A of Patton Place Estates Unit 5.

EXHIBIT B

MAIN EXTENSION AGREEMENT
WATER FACILITIES

This Agreement is entered into in Apache Junction, Arizona on this 25th day of March, 2005 by and between Peak View Ranch, LLC, Unit 1, hereinafter referred to as Applicant and Beardsley Water Company, an Arizona Corporation, hereinafter referred to as Utility.

- 1) Applicant is the owner of said subdivision as set forth in Exhibit A, a copy of which is attached hereto and made a part hereof and hereinafter referred to as Property.
- 2) Applicant intends to develop said Property as set forth in Exhibit A and will require domestic water.
- 3) Applicant and Utility agree that said Property lies within the Certificate of Convenience and Necessity of Utility and therefore Utility is obligated to provide said domestic water service in accordance with the rules and regulations of the Arizona Corporation Commission (ACC).

AGREEMENT

NOW THEREFORE, In consideration of the terms and conditions set forth below, the parties hereto agree:

- 1) Applicant shall cause the proposed domestic water system to be designed, constructed, and installed as necessary to provide an adequate supply of domestic water to Applicants property as described in Exhibit A. Said water system shall include all necessary water facilities including but not limited to mains, fittings, fire hydrants, service lines, meter assemblies, meters, storage, wells, pumping facilities and required water testing.
- 2) Applicant shall be responsible for all costs associated with the construction of the domestic water system including engineering, inspection, administration, permits, easements, labor, material, equipment, transportation, insurance and bonds if applicable.
- 3) Applicants cost, as set forth in Exhibit B, a copy of which is attached hereto and made a part hereof, shall be subject to refund in accordance with the rules and regulations of the ACC and further described in Section 16 of this Agreement.
- 4) Applicant shall cause the domestic water system to be designed and constructed with sufficient capacity to serve the needs of the Property, including fire protection.
- 5) Applicant may be required by Utility to provide "oversizing" in Applicants design and construction to benefit the needs of Utility. If oversizing is required by Utility, the Utility shall be obligated to pay those costs applicable to the oversized facilities. Said payment shall be based on materials costs only and shall not include any costs for labor, equipment, transportation, engineering, permits, disinfection, testing or any other costs not applicable in the sole discretion of Utility. Over sizing costs are set forth in Exhibit C, a copy of which is attached hereto and made a part hereof.

ORIGINAL

6) Applicant shall obtain all applicable permits, including zoning and other necessary permits which may be required prior to construction of the domestic water system. All domestic water system facilities shall be constructed in accordance with the plans and specifications as prepared by Applicants engineer and reviewed by Utilities engineer and approved by Utility in writing. All domestic water system facilities shall be constructed in accordance with the rules and regulations of the ACC and the Arizona Department of Environmental Quality and the requirements of all other municipal and governmental agencies having jurisdiction.

7) Applicant shall comply with Utilities requirements for inspection and testing of the domestic water facilities constructed under this Agreement. Applicant shall provide Utility adequate notice when facilities under construction are ready for inspection and/or testing. Utility shall provide said inspection within five working days of being so noticed.

8) Utility shall provide Applicant written notice of any deficiencies discovered during said inspection within ten working days of said inspection. Utility reserves the right to withhold acceptance of the facilities unless said facilities have been constructed in accordance with the requirements set forth herein.

9) Applicant herewith agrees to diligently pursue and promptly correct all deficiencies in construction, materials and workmanship as noted in Utilities written notice of deficiencies.

10) Applicant agrees to promptly correct all defects and deficiencies in construction, materials and workmanship upon request by Utility and for one year following Utility's acceptance of the facilities at Applicants sole cost. It is understood that inspection and/or acceptance by Utility in no way relieves or limits Applicant of any responsibility and liability for construction and installation of the facilities in accordance with the terms of this Agreement.

11) The domestic water system facilities and all parts thereof, upon acceptance by Utility as provided herein, shall become and remain the sole property of Utility without the requirements of any written document of transfer to Utility. However, Applicant shall furnish such documents pertaining to ownership and title as Utility may reasonably request to evidence or confirm transfer of possession and title to Utility free and clear of liens, or containing provision for satisfaction of lien claims by Applicant, acceptable to Utility. Applicant shall repair or cause to be repaired promptly, at no cost to Utility, all damages to the facilities caused by construction operations until all construction within the Property is complete whether caused by Applicant or not.

12) Applicant shall convey or cause to be conveyed to Utility by Warranty Deed free and clear title to the land upon which any well and/or storage facility pertinent to the provision of domestic water service is required. Any other lands applicable to and

necessary for the provision of domestic water service as set forth on Applicants plans and specifications shall also be conveyed to Utility. Said lands are described on Exhibit D, a copy of which is attached hereto and made a part hereof.

13) Applicant shall, at no cost to Utility, grant or cause to be granted to Utility, perpetual right-of-ways and easements in a form acceptable to Utility for the facilities and future attachments to the facilities including but not limited to water mains and access to the production and storage sites. If any rights-of-way or easements are required by Utility for attachments to developments other than Applicant's development, Utility and Applicant shall mutually agree on an acceptable location for such easement or rights-of-way.

14) Applicant shall, within 30 days following acceptance by Utility of facilities, furnish Utility with the following described original documents:

- a) Copies of all invoices and billings and other statements of expenses incurred by Applicant for the construction of the domestic water system.
- b) Releases and waivers from contractors, sub-contractors and vendors for materials, equipment, supplies, labor and other costs of construction of said facilities.

15) Utility will provide domestic water service to the Property in accordance with the rates, charges and conditions set forth in the tariffs of Utility as filed with the ACC and in effect from time to time. It is agreed that domestic water service to each and every dwelling unit within the Property will be metered accordingly. Applicant acknowledges and agrees that Utility has the right to and may in the future; connect the domestic water facilities to Utility's existing and/or future domestic water system.

16) The cost of construction and installation of facilities as evidenced by invoices furnished to Utility pursuant to Section 14 shall be advances in aid of construction subject to refund by Utility to Applicant. Utility shall make refunds annually to Applicant on or before August 31 for the preceding July1 through June30 period. The amount to be refunded annually shall be ten percent (10%) of the revenues (excluding sales taxes and all District, Municipal, County, State or federally imposed regulatory assessments) derived from the provision of metered domestic water service to the Property. Refunds shall be payable for a period of ten (10) years from the date metered domestic water service is initiated to the Property. In no event shall the refunds paid to Applicant exceed the amount of the advance in aid of construction. Any balance remaining at the end of the ten (10) year period shall become non-refundable. No interest shall be paid on any amount(s) advanced.

17) Applicant will furnish Utility with appropriate certificates of insurance; each containing a thirty (30) day cancellation clause, stating collectively that Applicant or its

contractors and subcontractors has the following insurance coverage during the period of construction hereunder.

- a) Workman's Compensation Insurance in the amounts required by the laws of the state of Arizona.
- b) Comprehensive General Liability Insurance including Products/Completed operations, with limits not less than Two Million Dollars (\$2,000,000.00) combined single limit for bodily injury (including death) and property damage.

18) Applicant hereby assumes the full and entire responsibility and liability for any and all incidents of injury or death of any person, or loss or damage to any property contributed to or caused by the active or passive negligence of Applicant, its agents, servants, employees, contractors or subcontractors arising out of or in connection with the construction of the domestic water facilities prior to Utility's acceptance as set forth herein. Accordingly, Applicant will indemnify and hold harmless Utility, its officers, directors, agents and employees from and against claims or expenses, including penalties and assessments, and attorneys' fees to which they or any of them may be subjected by reason of such injury, death, loss, claim, penalty assessment of damage, and in case of any suit or other proceeding shall be brought on account thereof, Applicant will assume the defense at Applicants own expense and will pay all judgements rendered therein.

19) Applicant shall furnish Utility within sixty (60) days after completion of construction "As-Built" drawings certified as to correctness by an engineer registered in the State of Arizona showing the location and respective sizes of all supply, transmission, production, storage, pumping facilities, and distribution facilities up to the curb valve of service connections to all dwelling units and/or structures served by the domestic water system. Said "As-Built" drawings shall be on 4 mil mylar.

20) Applicant shall cause any Department of Real Estate Subdivision reports issued regarding the Property, clearly to state that water services are to be provided by Utility and that Utility shall own all facilities utilized in providing said services, other than the service connections from the meter to the dwelling unit premises.

21) The failure of either party hereto to enforce any of the provisions of this Agreement or the waiver thereof any instance shall not be construed as a general waiver or relinquishment on its part of any such provision but the same shall, nevertheless, be and remain in full force and effect.

22) Communications hereunder shall be sent to the respective parties, addressed as follows:

APPLICANT: Peak View Ranch, LLC, Unit 1
7119 E. Shea Boulevard
Suite 109 PMB 237
Scottsdale, AZ 85254

UTILITY: Beardsley Water Company
P.O. Box 1020
Apache Junction, AZ 85217

or to other such address as the parties may advise each other in writing.

23) It is agreed that Utility is not an agent of Applicant and shall not incur any costs or expenses on behalf of Applicant and that Applicant is not an agent of Utility and shall not incur any cost or expense on behalf of Utility.

24) This Agreement shall be governed by the laws of the State of Arizona and shall be subject to the approval of the ACC and such other regulatory agencies as may be required under the laws of said State.

25) This Agreement shall be binding upon and inure to the benefit of the parties hereto, and their respective legal representatives, successors and assigns. However neither Applicant nor Utility shall assign its rights, obligations and interest in this Agreement without the prior written consent of the other and such consent shall not be unreasonably withheld or delayed by either Applicant or Utility. Any attempted assignment without such consent shall be void and of no effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement in duplicate as of the day and year first above written.

APPLICANT:
Peak View Ranch, LLC, Unit 1

UTILITY:
Beardsley Water Company

By: Donald E. Humphrey

By: Fred T. Wilkinson

STATE OF ARIZONA)
) SS
County of Pinal)

The foregoing instrument was acknowledged before me this 18th day of February 2005, by Fred T. Wilkinson known to me to be the agent for Beardsley Water Company and authorized by said corporation to make this acknowledgement on its behalf.

By: Lynette A. Alar
Notary Public

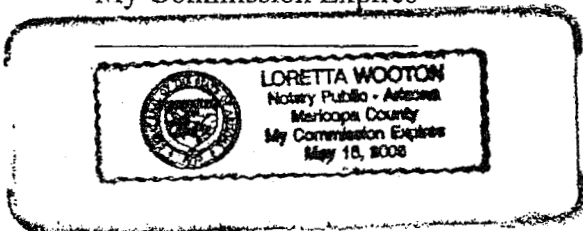
My Commission Expires
June 19, 2006

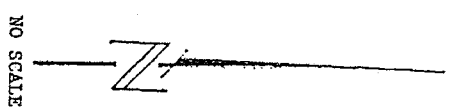
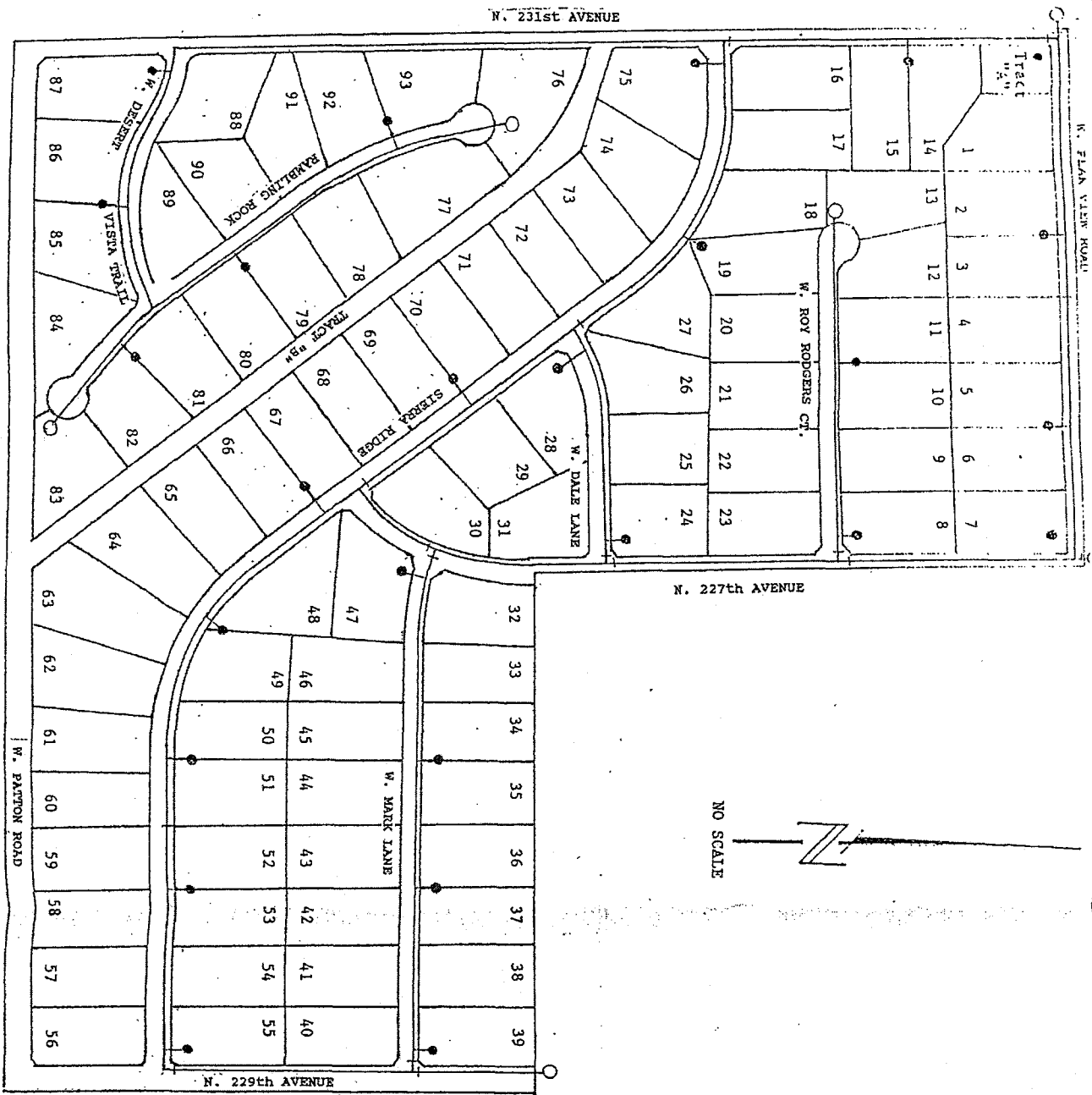
STATE OF ARIZONA)
) SS
County of Maricopa)

The foregoing instrument was acknowledged before me this 17th day of May
2008, by Donna Sears known to me to be the _____ of
_____ and authorized by said corporation to make this
acknowledgement on its behalf.

By: Loretta Wootton
Notary Public

My Commission Expires





- LEGEND:
- ① 8" P.V.C. Water Line ———
 - ② Fire Hydrant ———
 - ③ 8" x 2' Blowoff Assy. ———
 - ④ 8" Valve ———

EXHIBIT "A"
 PEAK VIEW RANCH PH 1
 MARCH 25th, 2003

Date: March 25, 2005

Applicant: Peak View Ranch, LLC, Unit 1

EXHIBIT B

APPLICANTS COST

The estimated Applicants cost is set forth below:

UNITS	DESCRIPTION	UNIT COST	EXTENSION
13,004 feet	8" PVC – C900 Waterline	\$15.00/ft	\$195,060.00
21 Each	8" Valve complete	\$750.00	\$15,750.00
26 Each	6" Fire Hydrant complete	\$2,000.00	\$52,000.00
93 Each	3/4" Water Service	\$400.00	\$37,200.00
7 Each	2" Blow Off Assy	\$150.00	\$1,050.00
10 Each	8" x 8" Tee	\$25.00	\$250.00
2 Each	90 Bend	\$ 20.00	\$40.00
1 Only	8" Well per Specs.	\$35.00/FT	\$28,000.00
1 Only	60,000 Gallon Storage Tank	\$39,000.00	\$39,000.00
1 Only	4,000 Gallon Pressure Tank	\$4,000.00	\$4,000.00
1 Only	20 H.P. Submersible Pump	\$5,500.00	\$5,500.00
1 Only	4 Pump Booster Station Complete	\$35,900.00	\$35,900.00
As Req'd	Piping, Valving & Appurtenances	\$12,000.00	\$12,000.00
Sub-Total			\$425,750.00
Plan Review, Inspection & Administration			\$6,200.00
Total Estimated Cost			\$431,950.00

DATED: March 25, 2005

APPLICANT: Peak View Ranch, LLC, Unit 1

EXHIBIT C

OVERSIZING COSTS

No oversizing costs are required under this Agreement.

DATED: March 25, 2005

APPLICANT: Peak View Ranch, LLC, Unit 1

EXHIBIT D

LANDS CONVEYED BY APPLICANT TO UTILITY UNDER THIS AGREEMENT

Tract A of the Peak View Ranch Unit 1 located on the south east corner of Peak View Road and North 231st Avenue shall be conveyed to Utility at such time as the facilities are acceptable for continuous operation and maintenance.

EXHIBIT C



**FIRST
NATIONAL
MANAGEMENT
INCORPORATED**

P.O. Box 1020 • Apache Junction, AZ 85217-1020
3880 S. De Niza Rd. • Apache Junction, AZ 85219
(480) 677-6080 • Fax (480) 677-6082

April 13, 2007

Mr. Mark Lewis
R.J. Springer Construction L.L.C.
7127 E. Sahuaro Drive
Suite 102
Scottsdale, AZ 85254-6101

Re: Patton Place Estates Unit 5

Dear Mr. Lewis:

First National Management, Inc. is the agent for Beardsley Water Company (BWC). Please allow this letter to act as BWC's acceptance of the domestic water system serving the above referenced development, subject to the terms and conditions of that certain main extension agreement dated August 24, 2005 and approved by the Arizona Corporation Commission on October 6, 2005.

In addition to the above, acceptance of said system is subject to the following:

- 1) Receipt of copies of paid invoices for the pipelines including fire hydrants, services, valves and appurtenances.
- 2) The offer to provide certain facilities as set forth in your letter dated March 6, 2007, should be revised as follows:
 - a) Stairway ladder to be equal to the ladder installed at Peak View water campus number 1.
 - b) Shade cover over pump station is acceptable.
 - c) Provide a 5500 watt, electric start generator or a check in the amount of \$1,738.20, and BWC will purchase a generator that meets its needs.
- 3) Installation of meters on all occupied dwellings in Patton Place Estates and Peak View Ranch.
- 4) Installation of all meters on those houses in Patton Place Estates Unit 5 to be closed.
- 5) Payment of Southwest Waterworks Contractors, Inc. invoice number C02036 in the amount of \$9,519.49.
- 6) Payment of B&J Services in the amount of \$1,933.56 dated October 30, 2007.



- 4
- 7) Payment of Water Treatment Operators invoice number 10768 in the amount of \$1,045.00 dated March 8, 2007.
 - 8) Payment of Pipe Right Now balance of \$22,736.60 or a release acceptable to BWC.

All of the above to be agreed to and accomplished by May 15, 2007, as evidenced by your signature and date below.

Sincerely,

Fred T. Wilkinson
President

Cc: RF
File

R.J. Springer Construction, L.L.C.

Mark Lewis, Manager

4-13-07

Date

EXHIBIT D

BRYAN CAVE

Stanley B. Lutz
Direct: 602 364 7003
sblutz@bryancave.com

December 5, 2008

Gordon Pekrul
Manager
Patton Place, L.L.C.
7127 E. Shea Boulevard
Suite 109-226
Scottsdale, AZ 85254

Re: Patton Place Estates and Peak View Ranch Main Extension Agreements

Dear Mr. Pekrul:

We represent Beardsley Water Company. We have been asked to respond to your letter dated November 13, 2008. We understand that there may be one or more competing parties claiming an interest in the Main Extension Agreements related to Patton Place Estates and/or Peak View Ranch. As a result, we are concerned that Patton Place, L.L.C.'s interest in those agreements has been assigned or transferred by foreclosure or bankruptcy to lenders or a successor entity. Prior to releasing funds, Beardsley will require legal assurances, in the form of an indemnification agreement and/or guarantee, that your company has not assigned or otherwise transferred its interest in the relevant Main Extension Agreements to a third-party.

In addition, we understand that there are numerous deficiencies related to your company's performance under the Main Extension Agreements that need to be addressed prior to any release of funds. With respect to Patton Place, we understand that your company has not provided as-built drawings for Units One, Two and Four of the development as required by Section 19 of the agreement. Similarly, no copies of paid invoices, as required by Section 14 of the agreement, have been received with respect to Units Three and Four. With respect to Peak View Ranch, we understand that no as-built drawings or copies of paid invoices have been provided with respect to Unit One.

Finally, we note that any payment to Patton Place, L.L.C. must be offset to reflect the outstanding bills for water service to the model homes in Peak View Ranch and Patton Place Estates in the amount of \$811.47 and the costs of installing meters at Patton Place Units Three and Four and Peak View Ranch. Those costs are still being calculated, but we estimate they will be between four and five thousand dollars.

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Bryan Cave LLP
One Renaissance Square
Two North Central Avenue
Suite 2200
Phoenix, AZ 85004-4406
Tel (602) 364-7000
Fax (602) 364-7070
www.bryancave.com

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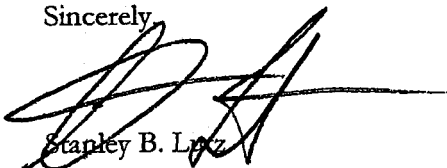
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A GOVERNMENT RELATIONS AND
POLITICAL AFFAIRS SUBSIDIARY
www.bryancavestrategies.com
Washington, DC
St. Louis

Gordon Pekrul
December 5, 2008
Page 2

Bryan Cave LLP

If you have any questions, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read "Stanley B. Lutz", with a long horizontal flourish extending to the right.

SBL:if

cc: Ted Wilkinson

EXHIBIT E

Beardsley

December 29, 2008

Bryan Cave LLP
2 North Central Avenue
Suite 2200
Phoenix, AZ 85004-4408

Dear Mr. Lutz,

I am responding to your letter dated December 5, 2008.

Your claim that there may be competing parties to the claim of an interest in the Main Extension Agreement is true. The Main Extension Agreements were sold and transferred to 223 Wittman, LLC in November of 2006. Funds may go directly to them, or we will accept payment and transfer funds to them.


Your claim of Beardsley Water not receiving As Built Drawings and copies of paid invoices is totally without merit. They have received these items more than once. Apparently they cannot keep track of them. It is ridiculous to bring this up years later. Beardsley Water has been sending yearly checks in the past and they would have not done so if they didn't have these items. There are people who will sign affidavits that they personally delivered these documents more than once to both parties involved.

Your claim of Patton Place LLC and Peak View Ranch LLC owing monies for model homes is totally confusing. Neither Patton Place LLC nor Peak View Ranch LLC has ever owned the model homes spoken of. The model homes have nothing to do with the Main Extension Agreements. It is not the responsibility of Patton Place LLC or Peak View Ranch LLC to pay for Model Home bills that belong to someone else.

Your last claim of Patton Place LLC owing for water meters is the same as your last claim. Patton Place LLC did not own those lots nor did it order and agree to pay for those meters. That was owed by the builder of those homes.

I expect an accounting by Beardsley Water and a check in our hands immediately.

Regards,


Gordon Pekrul